

Chairman Louie Cononelos  
Director David Ure

**Board of Trustees**  
**School & Institutional Trust Lands Administration**  
**Salt Lake City, Utah**

**April 21, 2016**

**Minutes**

**Attending:**

**Board**

Louie Cononelos  
Jim Lekas  
Tom Bachtell  
Lonnie Bullard  
Scott Ruppe (by phone)  
Roger Barrus  
Mike Mower

**Staff**

David Ure  
Kim Christy  
LaVonne Garrison  
Tom Faddies  
John Andrews  
Rodger Mitchell  
Lisa Schneider  
Deena Loyola  
Jeff Roe  
Stephanie Barber-Renteria  
Jerry Mansfield  
Eric Baim  
Kate Staley  
Barry Biediger  
Rick Wilcox  
Nannette Johnson

**Others in Attendance:**

Tim Donaldson, Utah State Office of Education  
Paula Plant, Utah State Office of Education  
Karen Rupp, Utah State Office of Education  
Natalie Gordon, Utah State Office of Education  
Trudy Henderson, UEA  
Tracy Miller, PTA  
Sterling Brown, Utah Farm Bureau Federation  
Peter Madsen, School & Institutional Trust Fund Office  
Diego Carroll, WSP Parsons Brinkerhoff  
Jonathan Bates, Universities  
Margaret Bird, Universities

**Board of Trustees  
School & Institutional Trust Lands Administration  
Salt Lake City, Utah**

**April 21, 2016  
Agenda**

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## 1. Welcome

Chairman Conanelos welcomed everyone and thanked those in attendance to make presentations. Scott Ruppe joined the meeting by phone.

## 2. Approval of Board Minutes for March 17, 2016

The Board approved minutes of the last meeting of the Board of Trustees.

“I make the motion to approve minutes of March 17, 2016.”

Motion: Mower/Bullard Unanimous

Roll Call:

Louie Conanelos – yes      Jim Lekas – yes      Tom Bachtell – yes      Scott Ruppe – yes  
Lonnie Bullard – yes      Roger Barrus – yes      Mike Mower – yes

## 3. Confirmation of Upcoming Meeting Dates

May	19	Duchesne County	September	14-15	Tour/Meeting
June	16-17	SLC & West Desert Tour	October	20	Salt Lake City
<i>July 10-14 WSLCA in Sandpoint, Idaho</i>			November	17	Salt Lake City
August	18	Salt Lake City	December	No Meeting	

The Board reviewed the meeting schedule with plans in Roosevelt for May and tours in June and September. The Board also noted the WSLCA conference in July in Idaho. There were no changes to the meeting schedule.

## 4. County Advisory Committee, Northern Ute Tribe, & Public Comment Period

No public comment was made at this meeting.

## 5. Consent Calendar

### Consent

### a. Other Business Arrangement – A Non-Competitive Lease of Metalliferous Mineral Leases ML 53278-OBA, and ML 53279

Tim Donaldson asked about the unauthorized boneyard in the memorandum for the meeting. Tom Faddies defined the boneyard as a term for a junk pile. The mineral lease is expiring. The minerals group requested that the Board approve an extension based on terms outlined in the memorandum. There were no comments from the Board so the OBA will proceed as outlined.

### b. Proposed Major Transaction: Coral Canyon Development Lease

Rodger Mitchell asked to clarify the memorandum for a transaction that has a few steps left to complete before moving forward. Mr. Mitchell asked for Board approval on a contingent basis to allow the Development group to proceed after vetting the transaction with the beneficiaries. There were no

additional comments from the Board so the transaction will proceed following a discussion with the Beneficiaries.

**c. Other Business Arrangement – ML 90012 EagleRidge Energy Amendment, Uintah Co.**

There were no comments from the Board so the amendment will proceed as defined.

**d. Axia Other Business Arrangement Request, 362 Acres +/-, Duchesne Co.**

There were no comments from the Board so the OBA request will proceed as defined.

e. This item was removed from the agenda before the meeting

**Notification**

**f. Other Business Arrangement Lease ML 90010 - EOG Resources Inc. San Juan Co.**

There were no comments from the Board so the lease will proceed as defined.

**g. Wavetech Oil and Gas OBA, Iron County**

LaVonne Garrison reported to the Board that Wavetech notified the Agency they are dropping their lease due to the economic climate and having not been able to get BLM approval for surrounding leases. There were no Board comments, so the OBA will proceed as defined.

**h. Proposed Sale Expansion, 650 acres South Block and 196 acres Arizona Border Parcel**

Mr. Mitchell explained the need to expand the intersection and therefore expand the sale.

Tom Bachtell asked if the large block of land owned by the Arizona Trust Lands was creating competition. Mr. Mitchell said that interest is likely growing but there is no competition from Arizona development, yet.

**Follow-up after Six Months**

**i. EagleRidge Energy Oil & Gas OBA, Asphalt Ridge, Uintah Co.**

There were no comments from the Board.

**6. Chair's Report**

**a. Beneficiary Report: Annual School and Institutional Trust Funds Office Report**

Peter Madsen reviewed the work of the past several months while the office was assembled to include a Director Chief Investment Officer, Senior Investment Analyst, and Administrative Analyst. Advisory and consultant relationships are also being developed with custodial banks, research vendors, and risk management groups. Mr. Madsen used several graphs and charts to illustrate the investment background and summarized to say previous growth has been good. The Fund Office will assess if previous sources of growth are sustainable, what the new sources of growth are, and the best way to distribute investments. The full presentation is available on the [Public Notice Website](#).

Roger Barrus requested clarification on how volatility is defined. Mr. Madsen stated that the volatility is determined by the variation of return on investment over time.

Mike Mower addressed the advantage of a small office as outlined by Mr. Madsen. Mr. Mower asked if the Fund Office could provide regular reports to determine if the idea of this new fund management is working out to be the advantage as hoped. Mr. Madsen said there will be reports used to determine if they are meeting the high accountability they expect of themselves. Mr. Madsen further noted that long term decision making is measurable with benchmarks as a way of assessing progress within the long range strategies.

Mr. Madsen responded to questions regarding real estate investment, impact of inflation, competing investment opportunities, and policies for direct real estate. Mr. Madsen answered the questions by providing objectives and strategies and clarified there will not be competition between SITLA endeavors and investments by the Fund Office.

Margaret Bird expressed appreciation for the quality individuals serving on the SITFO Board.

**b. Book Cliffs Transportation Report from Diego Carroll of Parsons Brinkerhoff**

Diego Carroll provided a report to Board members and a quick overview of the study comparing two routes and the impact on tourism, energy, employment, and other state and county entities. He summarized by saying the preference is leaning to the East Canyon route but both routes have support as well as opposition. A summary of the study conducted for the Book Cliffs Transportation Corridor is available on the [Public Notice Website](#).

Chairman Cononelos asked if the county roads that make up the two routes are accessible during the winter months. Mr. Carroll reported the roads are closed for the winter season and an SUV is required for driving the routes as they are now.

Lonnie Bullard asked how the projections came to a 1.8-billion-dollar net benefit. Mr. Carroll noted the brief report does not describe the add-ons for benefit beyond the tourism, energy, and jobs. There are other benefits for a shorter route, time traveling, accessibility, less emissions, and other factors that predict benefit in financial ways.

**7. Director's Report**

**a. Director's Update**

Director Ure asked Kate Staley and the GIS team to provide a presentation of the mapping services available through the agency website. Barry Biediger also reported that there were approximately 2,500 visits to the mapping site in the last two months.

Following the presentation, Mike Mower asked if there was curriculum for Utah students to use maps like these to understand SITLA land use. The discussion revealed that it is challenging to expand

curriculum outside of known test topics. However, there may be ways to make use of the maps in a geography course in schools.

Rodger Mitchell provided a report to the Board on possible future opportunities with a “Lake in the Desert” development style that is replacing golf courses in arid resort communities. Rodger also reported on St. George development projects that will provide multi-family housing opportunities. Two bids are very competitive and both bidders have participated with SITLA in developing land for revenue in the past five years.

Director Ure noted the countdown days for elections during the remainder of this calendar year. He tied those significant dates to the recent report that Sally Jewel will visit Utah in the near future. The visit from the Secretary of the Interior may be a precursor to events that will have a significant impact on the State of Utah and the Agency.

Director Ure discussed the Board’s upcoming visit to the Magnum site and the Delta area, which will be interesting to experience based on projections that the Delta area may become a western energy hub.

Director Ure discussed his meeting with the Western Energy Alliance and the expanding awareness of a common interest between entities working together to understand and respond to new federal rules. The director also discussed the Planning 2.0 Rule, which addresses individual projects on federal land.

Director Ure asked for a retreat with the Board to have the Board tell the work groups where they want to see the agency investing effort for revenue. He asked the Board to consider providing feedback on more risk or more stability. He asked the Board to consider what they have learned in their collective professional experience about looking forward and planning and sharing their expertise in planning agency objectives for the coming years.

Board member Scott Ruppe left the meeting at 11:00 a.m. due to other commitments.

#### **b. Exchange and Pending Litigation Update**

The Board went into closed session at 11:05 a.m. to discuss imminent and pending litigation.

“I make the motion the Board go into closed session for a discussion involving possible exchanges, and pending litigation.”

Motion: Lekas/Bachtell Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes

Present for the closed session were: Board Members Louie Cononelos, James Lekas, Lonnie Bullard, Tom Bachtell, Roger Barrus, David Ure, Margaret Bird, Jonathan Bates, Tim Donaldson, Natalie Gordon, LaVonne Garrison, Tom Faddies, Lisa Schneider, Kim Christy, Rick Wilcox, Paula Plant, and Nannette Johnson.

“I make the motion the Board return to open session.”

Motion: Mower/Lekas Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes

Upon return to open session Chairman Cononelos asked the Board members to review their schedules to consider a change for the September meeting and tour dates from September 14-15 to September 21-22. Mr. Lekas said he could accommodate a change to September 22-23. The Board will revisit the September schedule at the May meeting.

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